Jobs growth still slow in the US

The US created fewer jobs than expected in January, but a fall in jobseekers pushed the unemployment rate to its lowest level in three years.

According to Labor Department figures, US firms added only 146,000 jobs in January. The gain in non-farm payrolls was below market expectations of 190,000 new jobs. Nevertheless it was enough to push down the unemployment rate to 5.2%, its lowest level since September 2001. The job gains mean that President Bush can celebrate - albeit by a very fine margin - a net growth in jobs in the US economy in his first term in office. He presided over a net fall in jobs up to last November's Presidential election - the first President to do so since Herbert Hoover. As a result, job creation became a key issue in last year's election. However, when adding December and January's figures, the administration's first term jobs record ended in positive territory.

The Labor Department also said it had revised down the jobs gains in December 2004, from 157,000 to 133,000.

Analysts said the growth in new jobs was not as strong as could be expected given the favourable economic conditions. "It suggests that employment is continuing to expand at a moderate pace," said Rick Egelton, deputy chief economist at BMO Financial Group. "We are not getting the boost to employment that we would have got given the low value of the dollar and the still relatively low interest rate environment." "The economy is producing a moderate but not a satisfying amount of job growth," said Ken Mayland, president of ClearView Economics. "That means there are a limited number of new opportunities for workers."